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LISTING STATEMENT NO. 2366.

LISTED MAY 12, 1969.  
675,000 shares without par value  
Stock Symbol "CDG".  
Post Section 3.4.  
Dial Quotation No. 1824.

*file*

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

CONSUMERS DISTRIBUTING COMPANY LIMITED

Incorporated under the Laws of the Province of Ontario by  
Letters Patent dated December 6, 1956

CAPITALIZATION AS AT APRIL 16, 1969

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Common shares without par value .....	2,000,000	675,000	675,000

April 16, 1969

1. APPLICATION

CONSUMERS DISTRIBUTING COMPANY LIMITED (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 675,000 common shares without par value in the capital stock of the Company, all of which have been issued and are outstanding as fully paid and non-assessable shares. No securities included in this application have been reserved for subsequent issuance.

2. HISTORY

The Company was incorporated in the year 1956 under the Laws of the Province of Ontario by Letters Patent dated the 6th day of December, 1956. Supplementary Letters Patent were issued to the Company on the 22nd day of November, 1968, subdividing the then issued common shares and increasing the authorized capital of the Company to 2,000,000 common shares without par value.

On the 31st day of August, 1966, the Company sold certain of its assets relating to branches carried on by it in Hamilton and London to its wholly-owned subsidiary, Consumers Distributing Co. (Adelaide) Limited, which in turn sold them on the 1st day of September, 1966, to Consumers Distributing Co. (Adelaide) Limited and Company, a limited partnership of which Consumers Distributing Co. (Adelaide) Limited was the general partner. On the said 1st day of September, 1966, Consumers Distributing Co. (London) Limited sold its operating assets relating to the London branch of the Company's operations to the said Consumers Distributing Co. (Adelaide) Limited and Company. On the 1st day of April, 1968, Consumers Distributing Company (Central) Limited, a wholly-owned subsidiary of the Company, became the general partner of Consumers Distributing Company (Central) Limited and Company, a limited partnership organized to carry on a branch of the Company's business in St. Catharines.

From the 1st day of November, 1968, the business of the limited partnership known as Consumers Distributing Co. (Adelaide) Limited and Company has been carried on by the Company and the said Consumers Distributing Co. (Adelaide) Limited. On the said 1st day of November, 1968, the business of the limited partnership known as Consumers Distributing Company (Central) Limited and Company was integrated into, and has since that date been carried on by the Company.

By agreement dated the 31st day of October, 1968, The Jack Stupp Trust, The Lillian Stupp Trust, The Rochelle Stupp Trust, The Randall Stupp Trust and The Cyd Stupp Trust, the limited partners in the partnership known as Consumers Distributing Co. (Adelaide) Limited and Company, sold their limited partnership interests in the said limited partnership to Mr. Jack Stupp for a consideration which has been satisfied by the delivery of 240,000 common shares in the capital stock of the Company plus payment of the sum of \$163,000.00. By agreement dated the 31st day of October, 1968, the said Jack Stupp sold the partnership interests so acquired by him from the aforesaid Trusts to the Company for a consideration of 240,000 common shares in the capital stock of the Company plus the sum of \$163,000.00 (being the same consideration which he had agreed to pay to the said Trusts).

From and after the 1st day of November, 1968, the business of Consumers Distributing Co. (Adelaide) Limited and Company has been carried on by the Company and its subsidiary, Consumers Distributing Co. (Adelaide) Limited, as partners.



By agreements dated the 31st day of October, 1968, the Company purchased all of the partnership interests in the partnership known as Consumers Distributing Company (Central) Limited and Company from Consumers Distributing Company (Central) Limited and from The Jack Stupp Trust II, The Lillian Stupp Trust II, The Rochelle Stupp Trust II, The Randall Stupp Trust II and The Cyd Stupp Trust II for the aggregate sum of \$2.00. Thereafter, the business of Consumers Distributing Company (Central) Limited was integrated into the business of the Company.

3. NATURE OF BUSINESS

The Company is a rapidly growing wholesaler which sells nationally advertised products of name brands on a large volume, low margin, limited service basis. The Company sells through 12 wholesale showrooms and by means of a catalogue which is placed in over 5,000 other retail stores across Canada, and which catalogue is made available en masse to the Company's customers. The Company carries a wide range of merchandise consisting of housewares, giftware, jewellery, appliances, sporting goods, home entertainment wares and toys.

The Company issues courtesy cards to nationally known manufacturers to enable their employees to benefit by being able to make purchases at wholesale prices from branches of the Company. Courtesy cards are also issued to professional groups, non-profit organizations, governmental agencies, hospitals, churches, clubs and institutions for distribution to their various employees. The Company maintains a special premium division which has been established to provide prizes at wholesale prices for bowling, curling and other leagues, and to provide premiums and sales incentives at wholesale prices to industrial plants.

The Company maintains a mail order division which receives orders from all over Canada. These orders are filled on a cash basis and shipments of the goods are forwarded collect to the purchaser. Virtually all sales of the Company are made on a cash basis.

The sales and profits for the past five years ending August 31st are as follows:

	1964	1965	1966	1967	1968
Sales .....	\$2,392,475	\$2,806,877	\$3,974,818	\$6,767,143	\$9,972,798
Net Earnings after income taxes	7,374	6,179	75,892	156,253	505,997
and for the six months ended February 28, 1969			1968		
Sales .....	\$9,443,100	\$6,309,800			
Net Earnings after income taxes.....	641,200	367,600			

The Company has a total of 174 employees, and during peak periods additional part-time help is hired.

4. INCORPORATION

The Company was incorporated as a private company under the laws of the Province of Ontario by Letters Patent dated December 6, 1956, with an authorized capital of \$40,000.00 divided into 360 5% non-cumulative redeemable preference shares with a par value of \$100.00 each and 400 common shares with a par value of \$10.00 each.

By Supplementary Letters Patent dated the 22nd day of November, 1968, the Company was converted into a public company and the following changes in the issued and authorized capital of the Company were made:

- (a) The 30 issued and 370 unissued common shares of the Company with a par value of \$10.00 each were changed and subdivided into 385,000 issued and 15,000 unissued common shares without par value, respectively;
- (b) The 360 unissued 5% non-cumulative redeemable preference shares of the Company with a par value of \$100.00 each were re-classified, changed and subdivided into 1,600,000 common shares without par value, ranking on a parity with the 385,000 issued and 15,000 unissued common shares without par value, respectively, resulting from the change and subdivision referred to above;
- (c) The clauses relating to the 5% non-cumulative redeemable preference shares of the Company were deleted;
- (d) It was declared that the authorized capital of the Company was divided into 2,000,000 common shares without par value; provided that the 2,000,000 common shares without par value resulting from the re-classification, change and subdivision shall not be issued for a consideration exceeding in amount or value the sum of \$2,000,000.00, or such greater amount as the Board of Directors of the Company deems expedient on payment to the Treasurer of Ontario of the fees payable on such greater amount and on the issuance by the Provincial Secretary of a certificate of such payment.

5. SHARES ISSUED SINCE THE INCORPORATION OF THE COMPANY

- (a) Common shares with a par value of \$10.00 each

Date of Issue	No. of Shares Issued	Amount Realized Per Share	Total Amount Realized	Purpose of Issue
Dec. 6, 1956	3	\$10.00	\$ 30.00	Incorporators shares
June 2, 1958	27	\$10.00	\$270.00	Additional shares issued to the President of the Company



(b) Common shares without par value.

After re-classification and subdivision referred to in the Supplementary Letters Patent above:

Nov. 22, 1968	The 30 common shares originally issued are converted into 385,000 issued common shares without par value			By virtue of Supplementary Letters Patent
Nov. 25, 1968	240,000	\$ 1.109	\$266,160	Payment by the Company for the purchase of limited partnership interest in the partnership known as Consumers Distributing Co. (Adelaide) Limited and Company. The value was determined as being the net tangible value of the assets acquired on a pooling of interest basis
Jan. 20, 1969	50,000	\$ 9.00	\$450,000	Underwriting of treasury shares by Standard Securities Limited

6. STOCK PROVISIONS AND VOTING POWERS

Each common share carries one vote at all meetings of the shareholders of the Company and all shares rank equally in respect of dividend rights and/or a winding up or dissolution of the Company. There are no preference shares.

7. DIVIDEND RECORD

The Company has not paid any dividend on its shares.

8. RECORD OF PROPERTIES

The Company owns all of its fixtures and chattels required to operate its Head Office and branch warehouses. The Company does not own any real property or plant. All operations of the Company are carried on from leased premises, particulars of which are as follows:

Location	Expiry Date	Annual Rental	Renewal period, if any
320 Kipling Avenue South Etobicoke, Ontario	Jan. 31/74	\$55,042.00 (i)	—
1350 The Queensway Toronto, Ontario (ii)	Dec. 31/70	\$ 5,520.00	—
1536 Midland Avenue Scarborough, Ontario	Sept. 30/76	\$12,210.00 (i)	—
Sunnybrook Shopping Plaza Toronto, Ontario	Jan. 31/78	\$18,000.00	5 year renewal term (iii)
1200 Castlefield Avenue Toronto, Ontario	July 31/70	\$24,988.68 (i)	—
5825 Yonge Street Toronto, Ontario	Feb. 28/84	\$24,000.00 (v)	—
301 Danforth Road Toronto, Ontario	Jan. 31/79	\$23,340.00	5 year renewal term (iii)
1253 King Street East Kitchener, Ontario	Feb. 28/78	\$19,000.00 (i)	5 year renewal term (iii)
43 James Street St. Catharines, Ontario	May 31/78	\$15,000.00 (i)	5 year renewal term (iv)
71 Princess Street Kingston, Ontario	May 31/71	\$ 3,300.00 (i)	5 year renewal term
356 Talbot Street London, Ontario	Aug. 31/69	\$ 6,360.00 (i)	—
480 Clarkeside Road London, Ontario	Oct. 31/88	\$14,280.00 (i)	Six 5 year renewal terms (iii)
70 Sanford Avenue North Hamilton, Ontario	June 30/72	\$12,000.00 (i)	—

(i) Realty taxes are an extra charge

(ii) Parking Lot

(iii) Rentals during renewal terms to be negotiated or arbitrated

(iv) Rental during renewal term is \$18,000.00 per annum for the first two years and \$20,000.00 for the last three years.

(v) Annual rental increases to \$26,000.00 during the last five years of term.



## SUBSIDIARY COMPANIES

The Company has three subsidiary companies as follows:

- (a) Consumers Distributing Co. (Adelaide) Limited, incorporated under the Laws of the Province of Ontario by Letters Patent dated the 10th day of January, 1962. This company has an authorized capital of \$40,000.00 divided into 3,600 preference shares of \$10.00 each and 400 common shares of \$10.00 each, of which 3 common shares have been issued at par, all of which shares are now owned by the Company. This subsidiary company is a partner with the Company in the partnership known as Consumers Distributing Co. (Adelaide) Limited and Company, and which partnership operates branch warehouses involved in the business of the Company in the Cities of Toronto, Hamilton, London, Kitchener and Kingston;
- (b) Consumers Distributing Co. (London) Limited, incorporated under the Laws of the Province of Ontario by Letters Patent dated the 20th day of May, 1964. This company has an authorized capital of \$40,000.00 divided into 3,600 preference shares of \$10.00 each and 400 common shares of \$10.00 each, of which 40 common shares have been issued at par, all of which shares are now owned by the Company. This subsidiary company is wholly inactive;
- (c) Consumers Distributing Company (Central) Limited, incorporated under the Laws of the Province of Ontario by Letters Patent dated the 1st day of April, 1968. This Company has an authorized capital of \$40,000.00 divided into 36,000 preference shares of \$1.00 each and 4,000 common shares of \$1.00 each, of which 3 common shares have been issued at par, all of which shares are now owned by the Company. This subsidiary company is wholly inactive.

## FUNDED DEBT

The Company has no funded debt outstanding. The Company has a line of credit with the Canadian Imperial Bank of Commerce to the extent of \$1,200,000.00 and upon which the Company has drawn, as at the date hereof, less than \$700,000.00. Any indebtedness to the Canadian Imperial Bank of Commerce is secured by floating charge debenture and by a general assignment of book debts.

## OPTIONS, UNDERWRITINGS, ETC.

There are no options, underwritings, sale agreements or other contracts or agreements of a like nature with respect to any unissued shares or any issued shares held for the benefit of the Company. The Company has completed an underwriting of 50,000 treasury shares by Standard Securities Limited under and pursuant to a Prospectus dated the 13th day of January, 1969, and a Receipt for which was issued by the Ontario Securities Commission on the 16th day of January, 1969. The transaction with Standard Securities Limited was closed on the 20th day of January, 1969, at which time the net proceeds from the sale of the treasury shares were paid into the treasury of the Company in the amount of \$450,000.00. The said Standard Securities Limited underwrote 220,000 common shares in the capital of the Company then owned by Jack Stupp, at a net price to the said selling shareholder of \$9.00 per share. Standard Securities Limited held an option from The Lillian Stupp Trust and from The Cyd Stupp Trust to purchase 8,000 common shares and 22,000 common shares respectively from each of the said Trusts at a price of \$9.00 per share net to each of the said Trusts. Standard Securities Limited indicated its intention to exercise the said option and has acquired the said 30,000 common shares at the said price of \$9.00 per share net to the selling Trusts. The sale of these shares was qualified by a prospectus dated the 8th day of April, 1969, and a Receipt for which was issued by the Ontario Securities Commission on the 10th day of April, 1969.

375,000 common shares in the capital of the Company are held in escrow by Guaranty Trust Company of Canada, subject to release, transfer, hypothecation or other alienation only upon the written consent of the Ontario Securities Commission.

## LISTING ON OTHER STOCK EXCHANGES

There are no securities of the Company or any of its subsidiaries listed on any other Stock Exchange. No securities of the Company or of any of its subsidiaries or controlled companies have been suspended, withdrawn or refused listing on any Stock Exchange.

## STATUS UNDER SECURITIES ACT

Particulars of any filing, registration, approval or qualification with or by the Ontario Securities Commission or any corresponding governmental body or authority are as follows:

- (a) The Ontario Securities Commission issued its official receipt dated January 16, 1969, acknowledging receipt of the material required under The Securities Act (Ontario) in reference to the offering of 270,000 common shares in the capital of the Company. A printed true copy of the Prospectus of the Company, with respect to which the said official receipt was issued, is attached hereto and forms part of this application.
- (b) The Ontario Securities Commission issued its official receipt dated April 10, 1969, acknowledging receipt of the material required under The Securities Act (Ontario) in reference to the secondary offering of 30,000 common shares in the capital of the Company. A printed true copy of the Prospectus of the Company, with respect to which the said official receipt was issued, is attached hereto and forms part of this application.

## FISCAL YEAR

The fiscal year of the Company ends on August 31st in each year.



15. ANNUAL MEETINGS

The by-laws of the Company provide that the annual meeting of the Company shall be held at such place within the Province of Ontario, and on such date in each year as the President or Vice-President, who is a Director, may from time to time determine. The last annual meeting of the shareholders of the Company was held on the 14th day of October, 1968.

16. HEAD AND OTHER OFFICES

The head office of the Company is located at 320 Kipling Avenue South, Etobicoke, Ontario. The Company has no other offices.

17. TRANSFER AGENT

The Transfer Agent of the Company is:  
Guaranty Trust Company of Canada,  
366 Bay Street, Toronto, Ontario.

18. TRANSFER FEE

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

19. REGISTRAR

The Registrar of the Company is:  
Guaranty Trust Company of Canada,  
366 Bay Street, Toronto, Ontario.

20. AUDITORS

The auditors of the Company are:  
Messrs. Laventhol Krekstein, Horwath & Horwath,  
Chartered Accountants,  
160 Bloor Street East, Toronto, Ontario.

21. OFFICERS

The Officers of the Company are:

NAME	OFFICE	HOME ADDRESS
Jack Stupp . . . . .	President and Chairman of the Board	79 Heathcote Avenue Willowdale, Ontario
Lloyd S. D. Fogler . . . . .	Secretary, Treasurer and Director	1 Wilket Road Willowdale, Ontario

22. DIRECTORS

The Directors of the Company are:

NAME	HOME ADDRESS
Jack Stupp . . . . .	79 Heathcote Avenue, Willowdale, Ontario
Lloyd S. D. Fogler . . . . .	1 Wilket Road, Willowdale, Ontario
Albert J. Latner . . . . .	245 Warren Road, Toronto, Ontario
Harry L. Wolfson . . . . .	318 Vesta Drive, Toronto, Ontario

There is one vacancy on the Board of Directors.

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, Consumers Distributing Company Limited hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

CONSUMERS DISTRIBUTING COMPANY LIMITED

Per: "JACK STUPP",  
President

Per: "LLOYD FOGLER",  
Secretary

DISTRIBUTION OF COMMON STOCK AS OF APRIL 11, 1969

Number	Shares
30 Holders of 1 — 24 share lots	258
65 " " 25 — 99 " "	3,005
109 " " 100 — 199 " "	11,430
45 " " 200 — 299 " "	9,225
13 " " 300 — 399 " "	4,100
6 " " 400 — 499 " "	2,400
31 " " 500 — 999 " "	18,505
44 " " 1000 — up " "	626,077
343 Shareholders	Total shares 675,000

# FINANCIAL STATEMENTS

CONSUMERS DISTRIBUTING COMPANY LIMITED (Note 1)

## BALANCE SHEET

### ASSETS

	Consolidated (Unaudited) February 28, 1969	Combined and Consolidated August 31, 1968
<b>CURRENT:</b>		
Accounts receivable .....	\$ 29,400	\$ 39,798
Notes receivable .....	—	91,000
Inventory, at lower cost and net realizable value .....	3,570,100	2,613,708
Prepaid expenses and sundry assets .....	87,500	79,076
	<u>\$ 3,687,000</u>	<u>\$ 2,823,582</u>
<b>FIXED, at cost:</b>		
Office, warehouse and showroom equipment .....	\$ 299,200	\$ 238,138
Leasehold improvements .....	70,700	67,652
Automotive equipment .....	71,200	61,696
	<u>\$ 441,100</u>	<u>\$ 367,486</u>
Less accumulated depreciation and amortization .....	187,800	166,228
	<u>\$ 253,300</u>	<u>\$ 201,258</u>
<b>FINANCING EXPENSES, at cost</b> .....	<u>\$ 48,500</u>	<u>\$ —</u>
	<u><u>\$ 3,988,800</u></u>	<u><u>\$ 3,024,840</u></u>

### LIABILITIES

<b>CURRENT:</b>		
Bank indebtedness (Note 3) .....	\$ 398,600	\$ 378,808
Accounts payable and accrued expenses .....	933,662	1,298,386
Income taxes payable .....	587,000	262,208
Loans payable .....	155,900	—
	<u>\$ 2,075,162</u>	<u>\$ 1,939,402</u>
<b>LONG-TERM:</b>		
Note payable, due March 31, 1970 .....	\$ —	\$ 100,000

### SHAREHOLDERS' EQUITY (Note 4)

<b>CAPITAL:</b>		
Combined and consolidated:		
<i>Authorized:</i>		
360 Preference shares, \$100 par value		
400 Common shares, \$10 par value		
<i>Issued:</i>		
30 Common shares .....	\$ —	\$ 300
<i>Authorized:</i>		
2,000,000 Common shares without par value		
<i>Issued:</i>		
675,000 Common shares .....	716,460	
<b>RETAINED EARNINGS</b> .....	1,197,178	985,138
	<u>\$ 1,913,638</u>	<u>\$ 985,438</u>
	<u><u>\$ 3,988,800</u></u>	<u><u>\$ 3,024,840</u></u>

See accompanying notes.

Approved on behalf of the Board:

Signed JACK STUPP, Director

Signed LLOYD FOGLER, Director



# CONSUMERS DISTRIBUTING COMPANY LIMITED

## AUDITORS' REPORT

To the Directors

Consumers Distributing Company Limited.

We have examined the combined and consolidated balance sheet of Consumers Distributing Company Limited and subsidiaries and Consumers Distributing Co. (Adelaide) Limited and Company as at August 31, 1968 and the combined and consolidated statements of earnings and retained earnings of Consumers Distributing Company Limited and subsidiaries and Consumers Distributing Co. (Adelaide) Limited and Company for the five years ended on that date, subject to Note 1 to the combined and consolidated statements of earnings and retained earnings. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

- (a) The accompanying combined and consolidated balance sheet presents fairly the financial position of Consumers Distributing Company Limited and Subsidiaries and Consumers Distributing Co. (Adelaide) Limited and Company as at August 31, 1968;
- (b) The accompanying combined and consolidated statements of earnings and retained earnings present fairly the results of operations of Consumers Distributing Company Limited and subsidiaries and Consumers Distributing Co. (Adelaide) Limited and Company for the five years ended August 31, 1968, subject to Note 1 to the combined and consolidated statements of earnings and retained earnings;

all in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Ontario,  
March 21, 1969.

LAVENTHOL KREKSTEIN HORWATH & HORWATH  
Chartered Accountants.

## NOTES TO BALANCE SHEET

### 1. ACCOUNTING PRESENTATION

The balance sheet includes the following companies:

- (1) Consumers Distributing Company Limited (herein referred to as "the Company");
- (2) Consumers Distributing Co. (Adelaide) Limited, a wholly-owned subsidiary, the general partner of the partnership known as Consumers Distributing Co. (Adelaide) Limited and Company;
- (3) A limited partnership, known as Consumers Distributing Co. (Adelaide) Limited and Company. Inter-company accounts and transactions have been eliminated.

### 2. RE-ORGANIZATION

The company was re-organized as follows:

- (a) The issue of Supplementary Letters Patent dated November 22, 1968 to the Company. The Supplementary Letters Patent:
  - (i) converted the Company into a public company.
  - (ii) changed the authorized capital from 400 common shares with a par value of \$10 each and 360 preference shares with a par value of \$100 each to 2,000,000 common shares without par value.
  - (iii) subdivided the 30 issued and outstanding common shares with a par value of \$10 each into 385,000 common shares without par value.
- (b) The purchase on October 31, 1968 of the interests of the limited partners of Consumers Distributing Co. (Adelaide) Limited and Company by Jack Stupp for a consideration of 240,000 common shares of the Company and a promissory note for \$163,000. Subsequently, on the same date, the sale of the same partnership interests by Jack Stupp to the Company for 240,000 common shares of the Company and the delivery of a promissory note for \$163,000. The purchase has been recorded on the pooling of interest principle. The promissory note for \$163,000 was paid in full.
- (c) The Company entered into an underwriting agreement, dated November 15, 1968 with Standard Securities Limited for the sale of 50,000 unissued common shares of the Company for \$500,000 less the underwriter's discount of \$50,000. These shares were acquired by Standard Securities Limited on or about January 20, 1969.

### 3. BANK INDEBTEDNESS

A 6% demand trust debenture in the amount of \$300,000 interest payable semi-annually is held by National Trust Company on behalf of the bank as collateral against the bank indebtedness of the Company. The Trustee has been granted, under the Trust Deed, a fixed and floating mortgage or charge on the entire assets of the Company. The Company, in addition, has granted to its said bank a general assignment of its accounts receivable.

### 4. SHAREHOLDERS' EQUITY

The retained earnings on the combined and consolidated balance sheet as at August 31, 1968 represents:

(a) Consumers Distributing Company Limited .....	\$523,162
(b) Consumers Distributing Co. (Adelaide) Limited .....	32,816
	<u>555,978</u>
(c) Partnership equity in the limited partners .....	429,160
	<u>\$985,138</u>

The capital on the consolidated balance sheet represents the following:

(a) Common shares issued—combined and consolidated .....	\$ 300
(b) Net book value of limited partners' interest .....	\$429,160
Less amount payable in cash .....	<u>163,000</u>
Net book value allocated to 240,000 common shares issued .....	266,160
(c) Issue of 50,000 common shares for \$500,000 less the underwriter's discount of \$50,000 (Note 2(c)) .....	450,000
	<u>\$716,460</u>



CONSUMERS DISTRIBUTING COMPANY LIMITED (Note 1)

STATEMENT OF EARNINGS

	Consolidated		Combined and Consolidated				
	Six Months Ended February 28, 1969 (Unaudited)	February 29, 1968 (Unaudited)	1968	Year Ended August 31, 1967	1966	1965	1964
Sales .....	\$9,443,100	\$6,309,800	\$9,972,798	\$6,767,143	\$3,974,818	\$2,806,877	\$2,392,475
Cost of sales .....	7,082,300	4,732,700	7,567,011	5,338,124	3,143,241	2,147,214	1,793,890
Gross profit .....	2,360,800	1,577,100	2,405,787	1,429,019	831,577	659,663	598,585
Operating expenses:							
Selling, warehouse and administrative (Note 2)...	1,066,100	827,900	1,344,869	1,083,006	703,131	637,992	575,601
Interest on long-term debt .....	7,800	5,200	14,900	8,807	2,000		
Depreciation and amortization .....	21,500	16,800	50,185	31,439	19,111	17,923	14,450
	\$1,095,400	\$ 849,900	\$1,409,954	\$1,123,252	\$ 724,242	\$ 655,915	\$ 590,051
Franchise income .....	17,100	8,100	15,164	7,486	11,569	11,799	
	1,078,300	841,800	1,394,790	1,115,766	712,673	644,116	590,051
Earnings before income taxes .....	1,282,500	735,300	1,010,997	313,253	118,904	15,547	8,534
Income taxes (Note 3) .....	641,300	367,700	505,000	157,000	43,012	9,368	1,160
Net earnings .....	\$ 641,200	\$ 367,600	\$ 505,997	\$ 156,253	\$ 75,892	\$ 6,179	\$ 7,374

STATEMENT OF RETAINED EARNINGS (Note 1)

	Consolidated		Combined and Consolidated				
	Six Months Ended February 28, 1969 (Unaudited)	February 29, 1968 (Unaudited)	1968	Year Ended August 31, 1967	1966	1965	1964
Retained earnings, beginning of period .....	\$ 985,138	\$ 276,035	\$ 276,035	\$ 124,042	\$ 48,150	\$ 41,971	\$ 34,597
Net earnings .....	641,200	367,600	505,997	156,253	75,892	6,179	7,374
Divided received from affiliated company (Note 4) ..			35,000				
Gain on sale of shares of an affiliated company (Note 4) .....			20,000				
Income tax adjustment (Note 5) .....			47,496				
Income tax liabilities owing by limited partners and payable by them (Note 6) .....			163,000				
Goodwill and incorporation expense written off. ....			(15,000)	(610)			
Drawings by limited partners .....			(47,390)	(3,650)			
Net book value of limited partners' interest acquired .....	(429,160)						
Retained earnings end of period .....	\$1,197,178	\$ 643,635	\$ 985,138	\$ 276,035	\$ 124,042	\$ 48,150	\$ 41,971

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Six Months Ended February 28, 1969

(Unaudited)

Source of funds:

Operations:

Net earnings .....

Depreciation and amortization:

Non-cash charges to earnings .....

Proceeds from stock issue .....

Application of funds:

Repayment of note .....

Payment of promissory note .....

Purchase of fixed assets .....

Payment of financing expenses .....

Increase in working capital .....

Working capital, August 31, 1968 .....

Working capital, February 28, 1969 .....

See accompanying notes.



# CONSUMERS DISTRIBUTING COMPANY LIMITED

## NOTES TO COMBINED AND CONSOLIDATED STATEMENT OF EARNINGS and COMBINED AND CONSOLIDATED STATEMENT OF RETAINED EARNINGS For the Five Years Ended August 31, 1968

### 1. ACCOUNTING PRESENTATION

For the years ended August 31, 1967 and 1968 the statements record in addition to the operations of the Company and its wholly-owned subsidiaries the operations of Consumers Distributing Co. (Adelaide) Limited and Company, a limited partnership. For the six months ended February 28, 1968, the statement reflects the operations of the re-organized company.

### 2. LEASES

The total minimum rental liability under the existing leases (excluding insurance, property taxes and certain other occupancy charges) as noted in the Particulars of Leases on Page 10 of the Prospectus is as follows:

1969.....	\$208,000	1972.....	\$191,000
1970.....	224,000	1973.....	181,000
1971.....	197,000	1974-78.....	605,000

### 3. INCOME TAXES

Consumers Distributing Co. (Adelaide) Limited and Company is a limited partnership and accordingly does not pay income taxes on its income. The partners pay income taxes on their portion of the profits at their respective rates. Income taxes have been reflected on these financial statements to show, approximately, the taxes that would have been payable had only one limited company been in existence for the years ended August 31, 1967 and 1968.

### 4. AFFILIATED COMPANY

By agreement dated August 30, 1968 the Company sold to Jack Stupp, five common shares of Consumers Distributing (Furniture Division) Limited, being 50% of all of the issued shares of the company, for a consideration of \$55,000. The gain on sale of these shares amounted to \$20,000. During the 1968 fiscal year the Company had received a dividend of \$35,000 out of the profits accumulated since the company's incorporation. The management of Consumers Distributing (Furniture Division) Limited is vested in the hands of unrelated persons who hold the other 50% of the issued shares of the company.

### 5. INCOME TAX ADJUSTMENT

The income tax adjustment represents the difference between the taxes provided for the years 1967 and 1968 at an average corporate rate of 50% and the actual taxes payable by the trusts.

### 6. INCOME TAX LIABILITIES OF THE LIMITED PARTNERS

The earnings and consequently the retained earnings have been reduced by the provision for income taxes which include both the corporate income taxes and the income taxes on the limited partners' interests. Since the limited partners' income tax liabilities are personal liabilities and will be paid by them, the retained earnings have been adjusted by the amount payable as at August 31, 1968.

### 7. DIRECTORS' AND OFFICERS' REMUNERATION

Salaries paid to the directors and senior officers for the fiscal year ended August 31, 1968 as defined by The Corporation Act (Ontario) amounted to \$131,730 (including a non-recurring management bonus of \$48,000 declared in fiscal 1967, but paid in fiscal 1968); for the six months ended February 28, 1969—\$54,352.











